

SUPPLEMENT TO
REPORT NO.

Economic and Statistics Department

3. The Economics and Statistics Department is charged with preparation of general economic plans for the Hungarian Government; coordination and integration of provisional and temporary plans prepared in detail by various branches of industry with an over-all national plan; collection of general statistics on economic developments and accomplishments, and supervision of computing and distribution of the national income.
4. A former Social-Democrat, László TIMAR, who was at one time member of the Supreme Economic Council and the National Planning Board, was chief of the Economics and Statistics Department from April 1948 until April 1949. Although TIMAR, as chief of this department, was delegated responsibility for outlining the Hungarian Five-Year Plan, two young men in the Communist Party counterpart office of the Economics and Statistics Department, Ferenc ZALA and Peter MANDI, issued directives which took precedence over those of VASJDA, president of the Planning Office and member of the Supreme Political Executive.
5. TIMAR was fired immediately after the Five Year Plan was announced by the Hungarian Government. A Communist, Mrs. Aladar MOD, who is also head of the Planning Office Cooperative Department, succeeded TIMAR as chief of the Economics and Statistics Department. Although Mrs. MOD worked under BEREI's supervision on preparation of the Hungarian Three Year Plan, she has no professional qualifications for the offices she now holds.

Cooperative Department

6. The Cooperative Department was established in January 1949, shortly after the Mutual Assistance Council was organized in Moscow, to foster cooperation with planning bodies of other Peoples Democracies. When István FRISS, first chief of the Cooperative Department was sent to Moscow to represent Hungary on the Mutual Assistance Council, Mrs. Aladar MOD was put in charge of this department. Every two weeks this department issued an information pamphlet containing all data published on the planned economy of eastern bloc countries with the exception of the Soviet Union.
7. To the best of source's knowledge, no positive gains were made by the Cooperative Department in the way of cooperation with the People's Democracies, except for an agreement with Poland to use a standard method to compute national income and to collect the same types of statistical data. At the same time, plans were made to build a coking furnace in Hungary for Polish coal and an aluminum factory in Poland for Hungarian bauxite. The Poles suggested that they own the factory in Hungary and the Hungarians own the aluminum plant. BEREI opposed this proposal and consequently an agreement was reached whereby these plants, after completion, would be owned by the country in which they were located and contracts would be drawn up governing the exchange of their products.

Industrial Department

8. The Industrial Department was established to work out from the over-all plans details for various industrial branches. Since the Industrial Department was responsible for fulfillment of the Three-Year Plan, a considerable amount of friction existed between this department and the Ministry of Industry. Matyas RAKOSI insisted that this department handle planning only, and that control of industry and fulfillment of production quotas prescribed by the Plan be the responsibility of the Ministry of Industry.

Engr. Tibor ADORJAN, a former employee of the U.S.-owned Standard Electric Works and a member of the Hungarian Communist Party since 1945 or 1946, was chief of this department until April 1949 when he was replaced by KOLOZS, deputy president of the Planning Office.

9. The department is divided into the following divisions:

- a. The Mining Division is directed by Engr. Gabor MAJOR-MAROTY, a non-Communist relative of Akos MAJOR, former president of the Supreme Council of the Hungarian Peoples Court. MAJOR-MAROTY's deputy is Emeric HANSAGI, a young mining engineer who has been expelled from the Communist Party because he joined the Nazi Party in 1944.
- b. The Metallurgy and Heavy Industry Division is directed by Engr. LETTNER, a German expert of Swabian origin, who is not a Communist. His deputy, Roland KISMARTY, a non-Communist, is not popular with Party functionaries but has managed to retain his position. Source learned, following his departure from Hungary, that such persons as KISMARTY have been replaced by industrial workers.
- c. The Electrical Industry Division is directed by Engr. István BOEHM (not to be confused with the son of Wilhelm BOEHM of the same surname and profession). He, as are most employees in the Planning Office, is of so-called bourgeois origin. BOEHM is a Communist, who seems to be a faithful but undemonstrative Party follower.
- d. The Materials and Construction Division is directed by one SEBESTYEN, whose background and political attitude is similar to BOEHM's. Both men are between 32 and 35 years of age.
- e. The Lumber Division is directed by Lajos CZAGANY, who is about 30 years old, a veteran Communist of proletarian origin. CZAGANY was secretary of the Planning Office Party Organization and is now a member of the Party Executive in the Planning Office handling personnel problems. CZAGANY appears to be simple and rather crude.
- f. The Textile Industry Division is directed by an uneducated Communist, one SENYI, son of a Jewish professor in Győr. His deputy, SIMOR, is also uneducated and apparently as loyal to the Party as most Planning Office employees.
- g. The Leather Industry Division is under the supervision of Peter VALYI, BEREI's technical assistant at the University of Budapest. At one time, he was employed at FRIED's factory in Simontornya. VALYI, who is about 35 years old, joined the Party after the war and seems to be an ardent Communist.
- h. The Chemical Industry Division is supervised by August SIMON. SIMON joined the Communist Party sometime between 1938 and 1946 when he was in Chile. He is about 35 years old, a rather stupid but active Party member. His deputy, BIRTALAN, is a prominent employee of a large chemical firm. BIRTALAN is stupid but cunning, and now since his expulsion from the Party is allegedly anti-Communist.
- i. The Agricultural Industries Division is directed by István SOLT, former employee of the Hungarian Commercial Bank. SOLT seems to be a rather unenthusiastic Communist.

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Agricultural Department

10. The Agricultural Department's functions parallel those of the Industrial Department. Jozsef HAJAS, a former civil servant and member of the National Peasants' Party, was in charge of this department until recently when he was removed from this post. HAJAS' surname was originally VOGEL; he is of German origin.

Construction Department

11. The Construction Department coordinates building construction programs under supervision of Engr. Andor LEKAI, an able but rather cautious man. LEKAI, a member of the Smallholders Party, was never popular with the Communists and VAS eventually fired him. His present whereabouts and the name of his successor are not known to source.

Finance Department

12. The Finance Department supervises the Investment Bank and handled all financial aspects and problems of the Three and Five Year Plans. It was supervised until June 1949 by Dr. Laszlo CZIRJAK, a former Smallholder who is now a Communist. Although CZIRJAK is an able man, he could not cope with all the problems of this department and was replaced by Dr. Bela CZIKOS-NAGY.

Social Department

13. The Social Department handles investments for social welfare enterprises, i.e. medical clinics, workers' summer resorts and similar projects, under the direction of Dr. Oscar SOLT, a Communist physician of Swabian origin.

Cultural Department

14. The Cultural Department, charged with planning for cultural institutions, is directed by Dr. Annie VARJAS, a 30-year-old widow whose husband was killed by the Germans. VARJAS is very intelligent and seems to be faithful to the Party, although her cultural background is strictly West European.

Military Department

15. The Military Department uses the cover name "Betriebswissenschaftliche Abteilung" and works under strict secrecy on matters affecting investment and production for military purposes. The first supervisor of this department was one KANDO, an insignificant and ignorant 30 to 35 year old Major. During the summer of 1949, he was replaced by a rather uneducated but reliable Communist named GABOR, who at one time was secretary of a committee for labor planning.

Material Department

16. The Material Department's task is the coordination of production, consumption, export, import and distribution of raw materials and other commodities. Mrs. Lajos RAJKI, wife of a Colonel in the Ministry of War, was head of this department until VAS fired her. Mrs. RAJKI is believed to have been a Social Democrat and to have joined the Communist Party when the two parties merged. She occasionally expressed hostility towards the Communists, but nonetheless tried to maintain a semblance of Party loyalty. VAS appointed as her successor, Lajos NAGAI, an uneducated veteran Communist, who allegedly is fond of intrigue.

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Communications Department

14. This department is charged with planning for the entire national communications system. Max VILLANY, an extremely stupid 55-year-old engineer, former Social Democrat, now a Communist, was in charge of this department when VAJDA was head of the Planning Office. VAS fired VILLANY. The name of his successor and his present whereabouts are not known to source.

Trade Department

15. The Trade Department prepares all domestic and foreign trade plans. László ADAM, economic editor of Nepszava and one of VAJDA's favorites, was in charge of this department until VAS took over the Planning Office. VAS transferred Tamas SUCAR, a 27 to 30 year old former Social Democrat, from the Ministry of Trade to replace ADAM.

Control Department

16. The Control Department is an inspection unit of the Planning Office, responsible for checking the proper functioning of all Planning Office departments. Miss Sari KISS, a very intelligent, well educated woman and BEREI's former secretary, was appointed head of the Control Department when BEREI was named Secretary of State for Foreign Affairs in November 1948.

Personnel Department

17. Mrs. Sandor APOR, daughter of a Calvinist Minister and second secretary to BEREI, was head of the Personnel Department until April 1949, when VAS removed her and appointed one SZABO, a 45 to 50 year old proletarian. Mrs. APOR, a rather ignorant woman, is now training in a Communist Party school.

Department for Autonomies

18. This department controls investment funds of the autonomies section and endeavors to see that these funds are equitably allocated throughout all sections of the country. It is directed by Henry LEOEVEI, a Communist who loudly proclaims his loyalty but may not be a faithful Party follower.

Press Department

19. When VADJA was head of the Planning Office, the Press Department was directed by Gyoergy MARKOS, a veteran Communist, who has had a "western" education and may be a disillusioned Party member. MARKOS has now been replaced by his former deputy RANKI, an outspoken Communist professor. RANKI is one of Mrs. VARJAS' favorites and an opportunist.

Auxiliary Department

20. The Auxiliary Department is a service unit, which controls the Planning Office mail, archives, and disbursement. HERCZEL, a Communist who still wears the national Bocskai costume, is in charge of this department.

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Labor Department

21. This department handles the planning for and distribution of Hungarian labor. Although there is a special labor office VAS established this department, which was formerly a unit of the Economic Department, to work with that office. He placed Edmund MAROTI, a clever and intelligent man who had been employed as a labor arbitrator in the Economics and Statistics Department, in charge of this new Labor Department. During the war, MAROTI was trained in an Antifascist school in the USSR; he is an enthusiastic Communist.

Juridical Department

22. This department handles the formulation of orders and the arbitration of disputes between nationalized enterprises. Ernő GYOERGY, former Social-Democrat and attorney of the Association of Hungarian Banks, directs the Juridical Department. GYOERGY, although a Party member, is an open and sarcastic adversary of the present Hungarian Government.

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